



**STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT**

MICHAEL F. EASLEY
GOVERNOR

DAVID T. MCCOY
STATE BUDGET DIRECTOR

June 26, 2008

MEMORANDUM

TO: Department Heads and Chief Fiscal Officers

FROM: David McCoy

A handwritten signature in black ink that reads "David McCoy".

RE: Change in IRS Mileage Rate and the Allowable Rate of Reimbursement for
Travel on Official Business

Effective July 1, 2008 through December 31, 2008, the Internal Revenue Service (IRS) has increased the business standard mileage rate from 50.5 cents per mile to 58.5 cents per mile. Accordingly and pursuant to G.S. 138-6(a)(1), the Office of State Budget and Management will adjust the allowable rate of reimbursement for travel by officers and employees on official state business that operate from funds deposited with the State Treasurer.

The standard mileage rate set by the IRS will be paid to State officers and employees who use their personal vehicle for state business and the roundtrip distance does not exceed 100 miles. In addition, if a state owned vehicle is not available for the employee's state business travel regardless of the distance, he or she shall be reimbursed at the IRS rate.

In a recent memo dated June 6, the Office of State Budget and Management announced an increase in the motor fleet rate for mileage from 25 cents per mile to 33 cents. This rate applies to officers and employees who choose to use their personal vehicle on trips that exceed 100 miles roundtrip when a state vehicle is available.

The Travel Policies and Regulations section of the Budget Manual will be updated to reflect the revised motor fleet mileage rate of 33 cents per mile and the new IRS mileage rate of 58.5 cents per mile.

If you have specific questions regarding the new IRS mileage rate or the allowable rate of reimbursement for travel on official business, please contact your OSBM budget analyst at (919) 807-4700.

Thank You.

DM:db:jh
c: Dr. Lynn Muchmore